

**STATE OF MICHIGAN  
CHIEF FINANCIAL OFFICERS' COUNCIL  
Summary of July 13, 2006 Meeting**

The third meeting of the Chief Financial Officers' (CFO) Council for calendar year 2006 was held at 10:00 a.m., Thursday, July 13, 2006, in the Michigan Room, Romney Building.

CFO Council members in attendance:

David Bruce – Agriculture  
Mark Freeman – Auditor General  
Carol Vargovich – Civil Service  
James Kasprzak – Environmental Quality  
Janet Laverty – History, Arts & Libraries  
John Sorbet – Human Services

Allan Pohl – Labor and Economic Growth  
Michael Gilliland – Management & Budget  
Minesh Mody – MI Economic Dev. Corp.  
Joel Wortley – Military & Veterans Affairs  
Jerri McClure – State Police  
Ed Timpf – Transportation

Other attendees:

Raj Mehta – Civil Rights  
Jim Brandell – Community Health  
Mike Draschil – Corrections  
Craig Thurman – Education  
Lorie Blundy – Leg. Retirement System  
Deb Bachman - Lottery  
David Quigley – DMB, Financial Services

Joe Frick – Natural Resources  
Laura Mester – OFM  
Michael Moody – OFM  
Doug Ringler – OFM  
Gena Hyde – State  
Mary MacDowell – Treasury

Mike Moody, Director of the Office of Financial Management (OFM) and Chair of the Council, welcomed the group. There were no changes or additions to the agenda. The draft summary of the April 20, 2006 meeting was approved as written.

Mike discussed the Budget Office's role in validating Mi\$ave savings calculations. He explained that the Budget Office validation is limited to determining the reasonableness of the percentages used to determine the GF/GP portion of the savings. He also noted that the Budget Office generally accepts the total savings amount at face value, on the assumption that CGI and the agencies are in agreement on the total savings amount. Mike added that the Budget Office is counting on the agencies to validate the total savings amount and offered to share the spreadsheets that CGI has provided to the Budget Office with any departments that were interested. He suggested that anyone who would like to take him up on the offer contact him via phone or email.

## **BRIEFINGS AND REPORTS TO CFOs**

### **Office of the Auditor General Review of Interagency Billings**

Mark Freeman from the Office of the Auditor General said the audit of the Statewide Allocation Plan looked at three areas within DMB: Vehicle and Travel Services, Consolidated Print Center, and Mailing Services. They reviewed and validated DMB's billing rates and processes for calculating the rates. In the future, the OAG will be looking for documentation from the departments that payments were approved. The coverage extending into the time periods is a two to four-year cycle. Report #07-131-05 has been issued.

### **Protection of Warrant Information**

Mary MacDowell from Treasury discussed how their agency identified a problem in protecting warrant information. Many third party vendors want to seek information about the relationships between agencies and these companies. Information about these companies has been released to the vendors for their personal use. Treasury is trying to identify who employees are speaking with and scrutinizing any information given out. They may even draft a policy reminding staff how to treat the disclosure of this information. We want to ensure that the Chief Accountants are aware that this has been going on, since the pulling of a warrant requires the Chief Accountant's sign-off.

Doug Ringler is working with the Agency Security Administrators on possibly limiting agency security. There are currently 5,100 users in the User Class 15. FOIA requests that come through DMB have not been challenged. FOIA requests received should be given to the agency FOIA representative.

### **Homeland Security Emergency Management Grant Training**

David Bruce from Agriculture distributed a handout regarding training on homeland security emergency management. Agriculture has some grant money, which could be used to train staff who work in logistics, purchasing, finance and administration. DMB is working with Agriculture on this project. There is interest from the CFO's in this training. Agriculture will move ahead and possibly schedule for January 2007.

### **OFM Accounting and Financial Reporting Division Update**

Laura Mester, AFR Director, stated the last day for agencies to process transactions is November 21. OFM will work closely with Treasury and Community Health. The proposed publication date for the CAFR is December 29.

AFR is making good progress on the RMDS review of agency-specific reports identifying the number of reports that need to be run relating to agency budgets.

The MAIN Feasibility Study is getting underway. We will be evaluating the functionality of our current systems and whether we continue to make updates or start thinking about a replacement system. The statement of work is still in progress and will be shared with agencies when available.

Currently, we allow only one EFT account per vendor but we are evaluating whether to allow for multiple numbers of accounts. This will help with reconciliations, as well as processing costs.

We are finalizing two GASB implementations: capital asset reporting package and the implementation programs and formats for GASB 44.

#### **OFM Payroll and Tax Reporting Division Update**

Mike Moody gave the PTR update in Ruth Mealy's absence.

The Social Security Number replacement in DCDS was completed May 10. It appears that the replacement caused little confusion because we have received few questions or complaints.

Based on feedback from agencies, we have decided not to proceed with the major changes to the pre-split pay process we discussed at the last meeting. Instead, OFM is working with DIT staff to alleviate some of the problems in the pre-split pay process by making some minor fixes to the process.

The Time and Expense project continues to move forward. The next step is to obtain approval from the HRMN Coordination Committee.

#### **OFM Support Services Division Update**

Doug Ringler, SSD Director, reported on the information that was distributed in March regarding third party service organizations, what our risks are and how it will be evaluated. We are interested in organizations that process transactions on behalf of the State and those that process data for the State. We need to determine what processes are out there and how often they are being used. We hope to get this information out to agencies before the close. It was suggested that we better define third party organizations.

Correspondence on procurement card action plans and follow up comments will be issued, and their corrective action plans and ongoing control procedures.

Agencies will receive two more monitoring reports regarding Public Act 533 – one for contracts and payments and one for non-classified employee reimbursements.

We are rebidding the SWCAP contract.

SSD recently hired Bryan Weiler as the Audit Manager for their Security Management & Audit Analysis Section.

**CFO Member Roundtable Discussion**

Discussion was held regarding planning and preparation for a pandemic. DCH is sponsoring a two-day exercise on May 16 and 17, 2007, to address this issue. They will be recruiting volunteers to help with this exercise.

The issue of providing advance funding for employee leave payoffs was raised. This led to discussions of how to fund agency five-year plans and OPEB. No conclusions were reached.

Dave Quigley reported that DMB has changed the process for completing travel expense vouchers to use employee ID number instead of the social security number. As a result, there are now two versions of the travel voucher form available on the intranet. One uses employee ID, and one uses SSN.

Mike updated the group on the e-Procurement project. RFP responses were due July 6. Nine vendors submitted proposals. The JEC begins its meetings July 24. The target date for a final recommendation is August 22.

The meeting adjourned at 11:10 a.m.

**Next meeting:** Thursday, October 19, 2006 – 10:00 a.m.  
The Michigan Room, 1<sup>st</sup> Floor, Romney Building

Handouts at the July 13, 2006 meeting:

- Homeland Security Emergency Management Grant Training

If you would like to receive a copy of the handout from this meeting, please call Adel Beachnau at 517-373-1010.

Summary prepared by:

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